

Ref: IOSL-Delhi ITP CP3 Tariff Proposal

Date: 17 September 2021

To,  
The Secretary  
Airports Economic Regulatory Authority of India  
AERA Building, Administrative Complex  
Safdarjung Airport, NEW DELHI - 110 003.

**Subject: Tariff determination for 3<sup>rd</sup> Control Period for IndianOil Skytanking Delhi Private Limited in rendering ITP Services at Delhi International Airport (DEL).**

Dear Sir,

IndianOil Skytanking Private Limited has been providing Into Plane Fuelling Services at Delhi International Airport since July 2010 through a 10 Year Concession awarded to it by Delhi International Airport Limited (DIAL). This Concession was valid till 2020 and was subsequently extended for a period of 1 year till 31st March 2021.

Through a global competitive bidding process, IndianOil Skytanking was selected as the selected bidder and was awarded a concession term of 15 Years commencing from 01st April 2021. As a requirement of this tender, the services are to be rendered through a Special Purpose Vehicle (SPV). To meet this requirement, IOSL will be rendering ITP services at Delhi Airport through IndianOil Skytanking Delhi Private Limited (IOSDPL), which is a 100% subsidiary of IndianOil Skytanking Private Limited (IOSPL).

The present tariff approval for Delhi ITP Services is valid till 30<sup>th</sup> September 2021 and in the name of IndianOil Skytanking Private Limited. We are hereby submitting our tariff proposal for the 3<sup>rd</sup> control period.

### **Assessment of Materiality**

Delhi Airport is the largest airport in India in terms of numbers of passengers handled and ATM's. The consumption of ATF at Delhi Airport (in KL) exceeds 5% of all ATF consumed (in KL) at all major airports in India and therefore IOSL's ITP service at Delhi Airport are "**Material**"

### **Assessment of Competition**

ITP Services at Delhi Airport is being provided by IndianOil Skytanking Private Limited and Bharat Stars Services Private Limited. As per AERA Guidelines, if ITP services are being provided by 02 companies then the services rendered are deemed to be competitive. Therefore, ITP Services at Delhi Airport being provided by the company are deemed "**Competitive**"

## Reasonableness of User Agreements

At Delhi Airport, IOSPL has Into Plane Agreements with various Oil Companies. IOSL has not received any adverse comments on the agreements with the end users and these agreements have been in place for the last 12 years without issues, therefore it can be established that the user agreements, IOSPL has in place with its end users are **"Reasonable"**. We are in the process of executing new ITP Agreements in the name of IndianOil Skytanking Delhi Private Limited (IOSDPL) and the same process should be completed shortly.

## Tariff Determination Methodology

Based on AERA guidelines, if the services being rendered are Material and Competitive and where the reasonableness of User Agreements is established, the tariff determination of the service shall be done on "Light Touch Approach". Therefore, the company's tariff proposal is submitted to the authority under **"Light Touch Approach"**

## SCALE OF OPERATIONS & HISTORICAL DATA

Delhi Airport is the busiest airport in India. Statistics pertaining to the scale of operations at Delhi is mentioned below.

	FY17	FY18	FY19	FY20	FY21
Passengers (in Mn)	57.7	65.6	69.2	67.3	22.6
ATM's (Numbers)	3,97,799	4,41,299	4,60,429	4,50,012	2,13,986
IOSL ITP Volumes (in KL)	12,97,800	15,48,459	17,72,298	18,17,857	9,79,589
IOSL Market Share Average in %	75%				
Number of Flights	91,344	1,16,988	1,42,296	1,48,782	88,005

IOSL's market share saw an increase from FY20 to FY21. We believe that this is a temporary phenomenon as international flight operations are significantly impacted presently. As international flight operations improve, IOSL's market share number will also moderate, as IOSL's competitor BSSPL also has a share in international flight volumes.

## VOLUME FORECAST FOR 3<sup>rd</sup> CONTROL PERIOD

IOSL's ITP Services at Delhi Airport have been severely impacted by COVID-19. In FY21, ITP Volumes fell by -46% compared to FY20.

We expect that a full recovery of volumes at Delhi ITP Services will occur by FY24. Based on the current trends and expected improvements the volume forecast used for the purpose of tariff determination is presented below.

	3 <sup>rd</sup> Control Period (01 April 2021 to 31 <sup>st</sup> March 2026)					
	FY21	FY22	FY23	FY24	FY25	FY26
IOSL Estimate ITP Volumes (In KL)	9,79,589	1273466	1553628	1817745	1908632	1946805
Growth %		+30%	+22%	+17%	+5%	+2%



This volume forecast is based on the following assumptions.

1. Fuel Volumes associated with International flights are likely to recover to Pre-Covid levels by 2024. This is based on projections made by IATA.
2. Travel segments such as Visiting Friends, Family & Relatives (VFR) and leisure travel are likely to recover by 2023, however business travel is likely to be negatively impacted in the long term as more companies rely on e-meetings & video conferencing.
3. Recovery of VFR and Leisure travel is also subject to mass administration of a COVID-19 which is likely to take at least 1 Years. During this time, travel is expected to be limited.
4. Resurgence of COVID-19 in India or overseas is likely to negatively impact both domestic and inbound / outbound international travel.
5. Airlines are likely to phase out older aircrafts and replace them with more narrow body and newer, more fuel-efficient aircraft. This is likely to negatively impact fuel volumes at Delhi Airport.
6. Jewar Airport which will compete with Delhi Airport is likely to be operational by 2024. We believe that this will lead to a shift in substantial ITP Volumes from Delhi Airport to Jewar Airport. Therefore, in FY25 the growth rate considered in volumes is +5% and +2% in FY26.

## **Confidentiality of the documents submitted**

You may kindly note that we are bound to ensure confidentiality of our client agreements and its terms and the disclosure made herein above is to ensure compliance with the AERA Guidelines. The terms of the Agreements for providing various Services at Delhi Airport, the commercial terms agreed to between us, as the Into plane Service Provider and the suppliers, various service parameters and service specifications, are all key ingredients in determining the quality of services being provided by us at Delhi Airport.

These specifications cannot be put into public domain for the following reasons:

- a) The performance indicators/specifications are unique to this arrangement.
- b) The specifications set out are quality related specifications, acting as indicators of performance of the into plane agents as well as the quality of services being provided by us.
- c) Ours is a service industry and performance specifications and standards are key ingredients to our functioning, and we regard these specifications and parameters as our intellectual property and value it as our trade secret.
- d) Such information, if in public domain, is at the risk of being copied by our competitors and also the competitors of our service providers.
- e) As a result of the specifications being copied by our competitors, what is otherwise a 'competitive service' may cease to be so since we will not be able to retain our uniqueness in providing these services; and
- f) As per the terms of our agreement with DIAL and the users, we are under an obligation to keep confidential the terms of all agreements entered into with respect to Delhi Airport.

# IndianOil Skytanking

For the reasons stated above and to ensure that that the distinctiveness and competitive nature of services developed and retained by us for many years is not hampered in any manner by a disclosure of our confidential information, we request that the agreements entered into between us and our service provides or any part thereof, should not be uploaded on your website or made public in any other manner.

We also request you to kindly ensure confidentiality of our financials which are sensitive to our businesses.

## Tariff Proposal

Based on the tariff determination methodology and as per tariff calculations in line with AERA guidelines, we submit the following tariff proposal for the authority's consideration and approval for the 3<sup>rd</sup> control period.

	2021-22		2022-23		2023-24		2024-25		2025-26	
	Hours	Rate per KL	Hours	Rate per KL	Hours	Rate per KL	Hours	Rate per KL	Hours	Rate per KL
Aircraft Fuelling		291.75		304.59		317.99		331.98		346.59
Aircraft Defuelling Within	6	291.75	6	304.59	6	317.99	6	331.98	6	346.59
Aircraft Defuelling Beyond	6	350.10	6	365.51	6	381.59	6	398.38	6	415.91
Aircraft Refueling Defueled Product Within	6	320.93	6	335.05	6	349.79	6	365.18	6	381.25
Aircraft Refueling Defueled Product Beyond	6	350.10	6	365.51	6	381.59	6	398.38	6	415.91

**For the period after 30<sup>th</sup> September 2021, we request you to approve the existing tariffs in the name of IndianOil Skytanking Private Limited (IOSDPL) till such time the tariff determination process is not completed.**

Thanking you,

Yours truly  
For IndianOil Skytanking Private Limited

  
Bipin Wankhede  
Chief Finance Officer

## Attachments

1. Various Forms as required for the tariff submission process
2. Business Plan for ITP Services at Delhi Airport
3. ITP Services Concession Agreement Signed with Delhi Airport.

**RE: IOSDPL- Delhi ITP-Tariff clarifications**

**From :** yaduarora@iosl.in Mon, Jan 24, 2022 05:22 PM  
**Subject :** RE: IOSDPL- Delhi ITP-Tariff clarifications 📎 1 attachment  
**To :** TRILOK CHAND <trilok@aera.gov.in>, cfo@iosl.in,  
venkat@iosl.in  
**Cc :** RAM KRISHAN <director-ps@aera.gov.in>, SATISH  
KUMAR <satish.kr@aera.gov.in>

Dear Trilok Ji,

Due to recent developments, on account of the 3<sup>rd</sup> wave, In the air traffic and volume trends, we have observed that the reduction in flight activity has been more than anticipated. This has led to a fall in our fuel volumes at Delhi ITP. We believe this reduction is likely to remain for a few months, before we get back into the volume recovery phase, based on previous experience from the 1<sup>st</sup> and 2<sup>nd</sup> wave.

Due to this reason, we have revised our volume forecast, for the current financial year, leading into FY24-25. No change has been made to the volumes of FY25-26. Therefore, for the purpose of tariff determination for Delhi ITP Services, kindly use the volumes as per the revised table below.

Financial Year	Domestic (in KL)	International (in KL)	Total (In KL)
2021-22	475,332	649,501	1,124,832
2022-23	587,271	765,938	1,353,209
2023-24	702,376	948,863	1,651,239
2024-25	761,544	1,051,656	1,813,199
2025-26	817,658	1,129,146	1,946,804

Best Regards,

**Yadu Arora**

**Business Development Manager**

**IndianOil Skytanking Pvt Ltd,**

Fuel Farm Facility, Bangalore International Airport

Devanahalli, Bangalore - 560 300

Mobile: +91 8826917075

email: [yaduarora@iosl.in](mailto:yaduarora@iosl.in) | Web: [www.iosl.in](http://www.iosl.in)





**RE: IOSDPL- Delhi ITP-Tariff clarifications****From :** cfo@iosl.in

Wed, Jan 19, 2022 04:10 PM

**Subject :** RE: IOSDPL- Delhi ITP-Tariff clarifications

1 attachment

**To :** TRILOK CHAND <trilok@aera.gov.in>**Cc :** RAM KRISHAN <director-ps@aera.gov.in>, SATISH KUMAR <satish.kr@aera.gov.in>, venkat@iosl.in

With refence to below mail, proposed tariff rates (Actual Yield per Unit) in the working file has been adjusted for your reference.

Regards  
Bipin

**From:** TRILOK CHAND <trilok@aera.gov.in>**Sent:** 19 January 2022 11:34**To:** cfo@iosl.in; venkat@iosl.in**Cc:** RAM KRISHAN <director-ps@aera.gov.in>; SATISH KUMAR <satish.kr@aera.gov.in>**Subject:** Re: IOSDPL- Delhi ITP-Tariff clarifications

Dear Vipin ji,

In reference to the trailing mail, In your working file Revenue is considered on earlier proposed rates. Accordingly, ARR, Airport Operator Fee's etc also calculated on the earlier rates. You are advised to submit the revised working sheet on revised proposed rates as soon as possible.

Regards  
Trilok Chand  
Manager (Fin)

**From:** [cfo@iosl.in](mailto:cfo@iosl.in)**To:** "TRILOK CHAND" <[trilok@aera.gov.in](mailto:trilok@aera.gov.in)>**Cc:** "RAM KRISHAN" <[director-ps@aera.gov.in](mailto:director-ps@aera.gov.in)>, "SATISH KUMAR" <[satish.kr@aera.gov.in](mailto:satish.kr@aera.gov.in)>, [venkat@iosl.in](mailto:venkat@iosl.in)**Sent:** Wednesday, January 19, 2022 10:05:12 AM**Subject:** RE: IOSDPL- Delhi ITP-Tariff clarifications

Dear Trilok ji

As discussed, our rates are given below. Detailed working file is already submitted.

<b>Actual Maximum Allowed Yield (AMAY)</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
Yield Per unit	a	259.05	270.45	282.35	294.78	307.75
<b>AMAY=Y*(1+F)+S+OM+U+K</b>		<b>259.05</b>	<b>270.45</b>	<b>253.44</b>	<b>255.42</b>	<b>223.30</b>